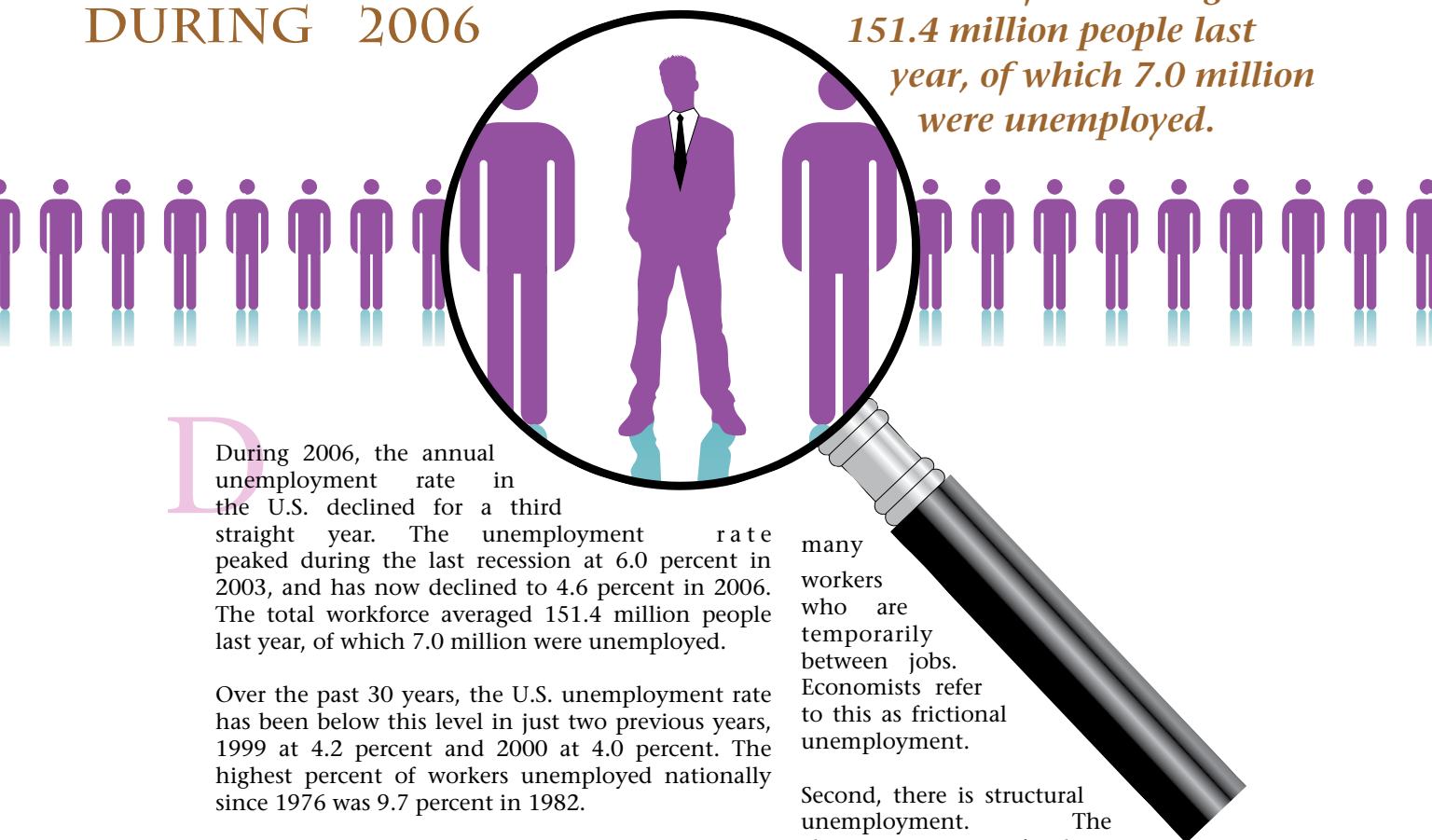


FEW U.S. WORKERS UNEMPLOYED DURING 2006

The total workforce averaged 151.4 million people last year, of which 7.0 million were unemployed.



During 2006, the annual unemployment rate in the U.S. declined for a third straight year. The unemployment rate peaked during the last recession at 6.0 percent in 2003, and has now declined to 4.6 percent in 2006. The total workforce averaged 151.4 million people last year, of which 7.0 million were unemployed.

Over the past 30 years, the U.S. unemployment rate has been below this level in just two previous years, 1999 at 4.2 percent and 2000 at 4.0 percent. The highest percent of workers unemployed nationally since 1976 was 9.7 percent in 1982.

With job opportunities relatively plentiful and unemployment low at 4.6 percent, many economists characterize the labor market as being close to full employment. To the person on the street the question arises, how can any level of unemployment be considered full employment? Why does unemployment persist in a strong economy when cyclical unemployment, occurring as a result of the business cycle, is in essence zero?

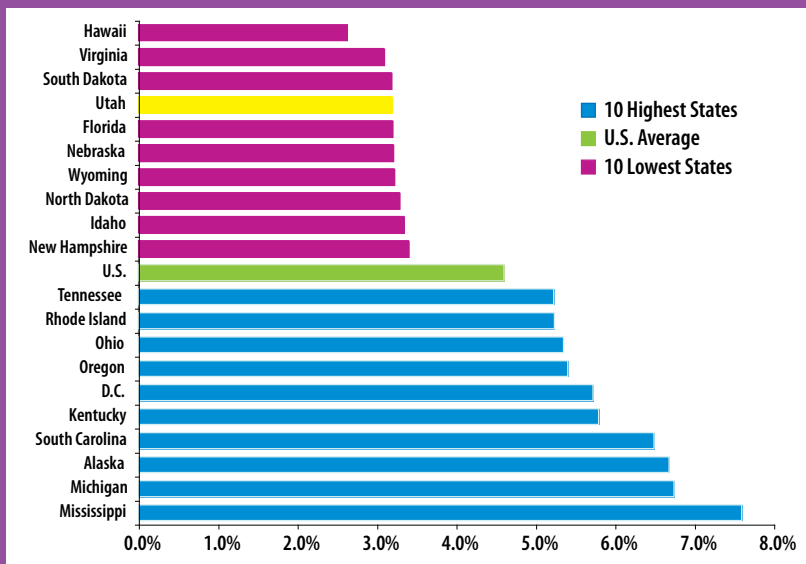
In a dynamic, expanding economy there are types of unemployment that are considered natural, in that some level of unemployment will always and necessarily exist. First, there is unemployment due to normal turnover of people moving in and out of the labor market as a result of educational, lifestyle, or occupational choices. Students graduate and become new entrants to the labor force. People change their career direction in pursuit of a more fulfilling or lucrative occupation. In the best economy, there are

many workers who are temporarily between jobs. Economists refer to this as frictional unemployment.

Second, there is structural unemployment. The changing structure of industries by technology, automation, and changing consumer tastes results in jobs being lost in some areas or occupations and expanding in others. In a vibrant economy there is an imperfect match between the skills expanding industries need and the skills of the labor force. There are also industries with pronounced seasonal work, such as construction, retail trade, and recreation, with substantially higher and lower demands at different times during the year.

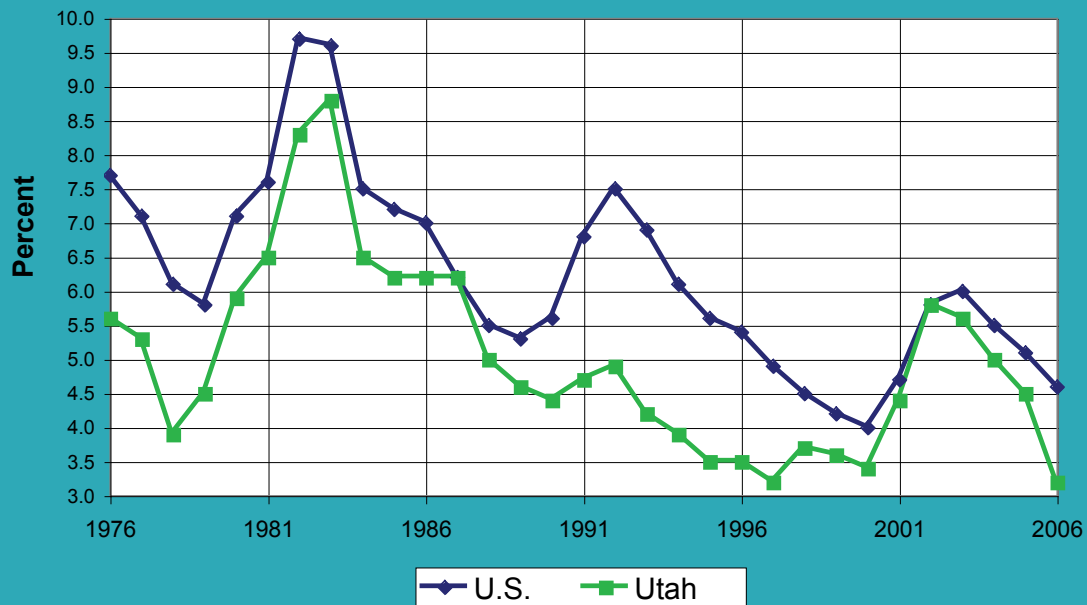
In 2006, there were ten states with unemployment rates below 3.5 percent. Utah was one of five states with an average unemployment rate last year of 3.2 percent. Only two states had lower unemployment, Virginia at 3.1 percent and Hawaii at 2.6 percent. The labor force in all ten of these states would be considered fully employed, with many businesses experiencing labor shortages. ⓘ

UNEMPLOYMENT RATES FOR SELECTED STATES • 2006



Source: U.S. Bureau of Labor Statistics.

A N N U A L UNEMPLOYMENT RATE 1976 TO 2006



Source: U.S. Bureau of Labor Statistics.